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ABSTRACT

Student aid records from a national sample of aid recipients attending independent colleges and universities with enrollments of more than 500 students were evaluated. It was found that recent reductions in federal student assistance and restrictions placed on program eligibility reduced substantially the number and proportion of low-income students attending independent colleges and universities in 1981-1982. The number of undergraduate independent students receiving aid dropped by approximately 16 percent, which goes directly counter to trends in public colleges and universities. The number of dependent undergraduate aid recipients from families with incomes in the $6,000 to $24,000 range declined dramatically. There was also a decline of almost 18 percent in the amount of Pell Grant funding to students attending independent colleges and universities, and almost a 10 percent decrease in the number of Pell Grant recipients. In addition, there was a major increase in institutional need-based aid, and a dramatic increase in the use of Guaranteed Student Loans. The number of students participating in this program during the 2-year period doubled, and the average GSL award has increased by 27 percent. (SW)

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AN ASSESSMENT OF FINANCIAL AID PACKAGING FOR STUDENTS ATTENDING INDEPENDENT COLLEGES AND UNIVERSITIES

A Report to

The National Commission on

Student Financial Assistance

August 1982

National Institute of Independent Colleges and Universities
1717 Massachusetts Avenue, N.W.
Suite 601
Washington, D.C. 20036

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AN ASSESSMENT OF FINANCIAL AID PACKAGING FOR STUDENTS ATTENDING INDEPENDENT COLLEGES AND UNIVERSITIES

During 1981-82, the National Institute of Independent Colleges and Universities (NIICU) conducted a survey of student aid records from a national sample of aid recipients attending independent colleges and universities with enrollments of more than 500 students. Two previous surveys conducted in academic years 1978-79 and 1979-80 demonstrated the need for and the effect of the Middle Income Student Assistance Act of 1978, enacted to expand federal student assistance opportunities to low-income students while providing access to such benefits for students from middle-income families. These two earlier surveys make it possible to discern some trends in student aid for the independent sector.

Findings from the current survey indicate what appear to be interesting and surprising trends in student aid packaging that may have major implications for financing college attendance in the future. The principle finding is that recent reductions in federal student assistance and restrictions placed on program eligibility reduced substantially the number and proportion of low-income students attending independent colleges and universities in 1981-82. NIICU is continuing its analysis to determine all the reasons for these shifts in a two year span and the effects on students attending independent colleges and universities.

SUMMARY OF FINDINGS

- Although total undergraduate enrollment increased almost two percent between 1979-80 and 1981-82, the percentage of total undergraduate aid recipients dropped from almost 60 percent of total undergraduate enrollment in 1979-80 to 56 percent in 1981-82.

- The number of undergraduate independent students receiving aid dropped by approximately 16 percent, which goes directly counter to trends in public colleges and universities.

- Findings concerning undergraduate dependent students become more meaningful when analyzed by family income categories. The number of dependent undergraduate aid recipients from families with incomes in the $6,000 to $24,000 range declined dramatically. Between 1979-80 and 1981-82, there was a 39 percent decrease in student aid recipients from that broad income range. This suggests that, because of continuing increases in college costs that coincide with decreased dollars available from federal aid programs, the independent sector is experiencing a major loss of students from this income range.

- There was a decline of almost 18 percent in the amount of Pell Grant funding to students attending independent colleges and universities, and almost a 10 percent decrease in the number of Pell Grant recipients.

- There was a major increase in institutional need-based aid. The percentage of recipients went from 45 percent in 1979-80 to 55 percent in 1981-82, and the average institutional award increased by 19 percent, from $1,196 to $1,424 in the same period.

- The use of Guaranteed Student Loans also increased dramatically. The number of students participating in this program during the two-year period doubled, and the average GSL has increased by 27 percent, from $1,787 in 1979-80 to $2,264 in 1981-82. (Major restrictions in GSL were enacted after the survey period.)

  For 1979-80, the proceeds of "self-help" efforts (loans, work, student savings) covered 31.1 percent of the average student budget in the independent sector. By 1981-82, "self-help" averaged 41.4 percent -- an increase of over $1,000 per student.

- While student aid reports no longer require identification of aid recipients by race, thereby making it impossible to get an accurate count of minority recipients, there is nevertheless an indication that minority participation declined in the two-year span.

DETAILED FINDINGS

In 1981-82, NIICUs survey of student aid recipients from student aid records included a national sample of 122 independent colleges and universities with enrollments above 500 students. There were approximately 1.8 million undergraduates enrolled at independent colleges and universities this year and 999,000 (55.7 percent) received some form of financial aid. Table 1 below summarizes the changes in population from 1979-80 to 1981-82.

TABLE 1

UNDERGRADUATE POPULATION

	1979-80 (%)	1981-82 (%)
Total Undergraduate Headcount*	1,764,000 (100%)	1,794,000 (100%)
Total Undergraduate Recipients	1,048,000 (59.4%)	999,000 (55.7%)

*Source: National Center for Education Statistics: 1979 and 1981 Fall Enrollment Surveys

Although total undergraduate enrollment increased almost two percent over this two-year period, the number of aid recipients dropped by five percent and the percentage of total undergraduate recipients on aid dropped from almost 60 percent of total undergraduate enrollment in 1979-80 to 56 percent in 1981-82.

TABLE 2

DISTRIBUTION OF UNDERGRADUATE AID RECIPIENTS
AT INDEPENDENT INSTITUTIONS: FALL 1979 AND FALL 1981

(Enrollments of 500 or More)

	Estimated Number of Recipients and Percent of Population	
	1979-80	1981-82
Dependent Undergraduate Aid Recipients	901,000 (51.1%)	875,000 (48.8%)
Independent Undergraduate Aid Recipients	147,000 (8.3%)	124,000 (6.9%)
Total Undergraduate Aid Recipients	1,048,000 (59.4%)	999,000 (55.7%)

The main percentage decrease in undergraduate recipients was in independent students over the two-year period. The number of independent students receiving aid dropped by approximately 16 percent, which is directly counter to national trends at public colleges and universities. Undergraduate dependent recipients of aid decreased by three percent over this period. However, these drops do not fully tell the story until one examines the changes in these students by family income profile.

TABLE 3

PERCENTAGE DISTRIBUTION OF UNDERGRADUATE
AID RECIPIENTS BY PARENTAL ADJUSTED GROSS INCOME

(Enrollments of 500 or More)

Parental Adjusted Gross Income	Estimated Number* Of Recipients		Percent of Total Recipients		Percent of Total Undergraduate Headcount Enrollment	
	1979-80	1981-82	1979-80	1981-82	1979-80	1981-82
Dependent						
Under $6,000	79,000	78,000	7.6	7.8	4.5	4.3
$ 6-12,000	152,000	84,000	14.5	8.4	8.6	4.7
$12-18,000	163,000	95,000	15.5	9.5	9.2	5.3
$18-24,000	178,000	122,000	16.9	12.2	10.0	6.8
$24-30,000	135,000	136,000	12.9	13.6	7.7	7.6
$30-36,000	66,000	98,000	6.2	9.8	3.7	5.5
Over $36,000	50,000	128,000	4.8	12.8	2.9	7.1
Income Unknown	79,000	135,000	7.6	13.5	4.5	7.5
Total Dependent Recipients	901,000	875,000	86.0	87.6	51.1	48.8
Independent All Incomes	147,000	124,000	14.0	12.4	8.3	6.9
Total Undergraduate Recipients	1,048,000	999,000	100.0%	100.0%	59.4%	55.7%

* Numbers may not total due to rounding.

Although the number of recipients from some income groups increased or remained stable, decreases were dramatic among recipients from families with incomes from $6,000 to $24,000. From 1979-80 to 1981-82, there was a 39 percent decrease in student aid

recipients from families in these income groups. Dividing that broad income range into three segments, there was a 39 percent decrease among recipients from families from the $6,000 to $12,000 income group, a 42 percent decrease in recipients from the $12,000 to $18,000 income group, and a 31 percent decrease in the $18,000 to $24,000 income group. What these figures suggest is that the increase in college costs, the lowering of effort in federal student aid programs, and the effects of double-digit inflation have created a major shift of students out of the independent sector from these income groups.

The number of recipients from the $24,000 to $30,000 income group has remained relatively stable, while the number of recipients in the highest income group has grown. This is probably the result of inflation of family incomes and the availability of GSLs to students regardless of family income. The result appears to be a change in the income configuration of the population of student recipients attending independent colleges. From 1979-80 to 1981-82, students on aid from families with incomes between $30,000 and $36,000 increased by 48 percent, recipients from families with incomes of $36,000 or more increased by 156 percent, and students on aid from families who, because of the funding source, were not required to submit income information increased by 71 percent. Whereas 78 percent of the dependent aid recipients at independent colleges and universities came from families with incomes below $30,000 in 1979-80, only 59 percent of the recipients came from families with these incomes in 1981-82. Taking inflation into account and assuming that families making $30,000 would earn approximately $36,000 in 1981-82, the percentage difference is not as large. By 1981-82, 70 percent of the recipients came from families with incomes below $36,000. However, in absolute terms, the number of undergraduate dependent recipients from families earning less than $30,000 had dropped by 27 percent or approximately 192,000 students.

The top half of Table 4 summarizes the major characteristics of dependent undergraduate aid recipients in 1979-80 and 1981-82. Since 1979-80, the characteristics of students have remained relatively stable by age, registration status, academic level and local residence. Because the federal government is no longer requiring students to report their race to colleges and universities, almost 13 percent of all recipients did not report their race to the financial aid office. Therefore, we are no longer able to provide an accurate picture about the percent of minority recipients on aid. Still, it does appear that there has been some decline in minority participation.

The bottom portion of Table 4 summarizes changes in participation rates and reports average awards by source of funds. There have been major changes in both the type of award and the percentage of recipients participating in the programs and in the average awards from 1979-80 to 1981-82. Perhaps the most notable decline occurred in the Pell Grant program where both the percentage of Pell Grant recipients and the average award have dropped since 1979-80. The percentage of Pell Grant recipients dropped from 66 percent to 53 percent and the average award dropped from $974 to $940.

TABLE 4

DEPENDENT UNDERGRAUDATE AID RECIPIENTS:
REPORTED PARENTAL INCOMES
(COMBINED)

STUDENT CHARACTERISTICS

SEX:	FALL 1979	FALL 1981	AGE	FALL 1979	FALL 1981
MALE	47.8%	45.4%	Average:	19.3	19.8
FEMALE	52.1%	54.5%			
RACIAL/ETHNIC CHARACTERISTICS			**REGISTRATION STATUS**		
Black	12.8%	7.1%	Full-time	98.6%	97.2%
Hispanic	5.1%	3.7%	Part-time	1.3%	0.7%
Asian/Pacific Islander	4.0%	1.2%	Other	0.1%	2.1%
American/Alaskan Indian	0.4%	0.2%			
White	69.5%	74.9%			
Unreported	0.9%	12.9%			
ACADEMIC LEVEL			**LOCAL RESIDENCE**		
Freshman	32.4%	32.3%	On Campus	71.4%	69.9%
Sophomore	26.8%	28.4%	Off Campus (in community)	8.0%	9.2%
Junior	21.9%	20.6%			
Senior	19.9%	18.1%	At Family Home	20.6%	20.9%
5th Year	0.9%	0.6%			

RECEIPIENTS RECEIVING AID BY MAJOR SOURCE OF FUNDS

SOURCE OF FUNDS	Percent Of Recipients Receiving Aid 1979-80	Percent Of Recipients Receiving Aid 1981-82	Mean Dollar Amounts Per Recipient 1979-80	Mean Dollar Amounts Per Recipient 1981-82
Pell Grant (BEOG)	66.3%	52.6%	$ 974	$ 940
SEOG	31.3%	27.9%	$ 694	$ 744
State (need-based)	47.2%	47.7%	$1,344	$1,210
Institutional (need-based)	45.2%	54.6%	$1,196	$1,424
CW-S (Federal, State Institutional, Off Campus)	48.3%	58.1%	$ 811	$ 904
NDSL	43.0%	34.2%	$ 801	$ 923
FISL/GSL	23.5%	53.3%	$1,787	$2,264

Because this drop in Pell awards was greater than one would expect to result from the two reductions in federal appropriation levels, NIICU conducted an entirely separate survey of a representative national sample of 200 independent colleges and universities. With 85 percent of the colleges responding, it was confirmed that there has been a decline not only in Pell Grant recipients, but also in the total Pell Grant dollars going to independent colleges from 1979-80 to 1981-82. The number of Pell recipients at independent colleges and universities dropped 9.9 percent and the total Pell dollars dropped 17.5 percent between 1979-80 and 1981-82. Table 5 below details these changes both in dollars and numbers of recipients. (The Pell data reported from the two national samples differ slightly because those from the Student Aid Recipient Data Bank reflect changes only in undergraduate dependent recipients while the follow-up survey of Pell Grant recipients covers both independent and dependent students.)

Table 5

TRENDS IN THE PELL GRANT PROGRAM AND ENROLLMENTS
AT INDEPENDENT COLLEGES AND UNIVERSITIES FROM 1979-80 TO 1981-82

	1979-80	1980-81	1981-82
PELL DOLLARS	$614,044,860	$569,868,006	$506,438,227
RECIPIENTS	569,560	551,309	513,236
UNDERGRADUATES	1,764,000	1,818,000	1,794,000
AVERAGE AWARD	$1,078	$1,034	$987
PERCENT OF ALL UNDERGRADUATES WITH PELL GRANTS	32.00%	30.00%	29.00%

	1979-80 TO 1980-81 (ONE YEAR)	1980-81 TO 1981-82 (ONE YEAR)	1979-80 TO 1981-82 (TWO YEARS)
CHANGE IN TOTAL PELL DOLLARS	$-44,176,855	$-63,429,779	$-107,606,633
PERCENT CHANGE IN PELL DOLLARS	-7.20%	-11.10%	-17.50%
CHANGE IN NUMBER OF RECIPIENTS	-18,250	-38,073	-56,324
PERCENT CHANGE IN NUMBER OF RECIPIENTS	-3.20%	-6.90%	-9.90%
CHANGE IN UNDERGRADUATE ENROLLMENT	54,000	-24,000	30,000
PERCENT CHANGE IN UNDERGRADUATE ENROLLMENT	3.10%	-1.30%	1.70%

NIICU's analysis of the decline in Pell Grant recipients suggests that efforts by the Department of Education to restrict program eligibility through regulatory changes in the Family Contribution Schedule have made many middle income families ineligible for these awards. Furthermore, Congressional action to reduce the maximum award from $1800 to $1750 in 1980-81 and to $1670 in 1981-82 helps to account for some of the loss in overall dollars.

Returning to Table 4, the percentage of recipients receiving SEOG declined from 1979-80 to 1981-82 although the average award increased slightly. The percentage of recipients on state need-based aid remained stable, but the average award dropped by almost 10 percent from $1,344 in 1979-80 to $1,210 in 1981-82.

There was a major increase in institutional need-based aid. Not only did the percentage of recipients increase from 45 to 55 percent of total recipients, but the average institutional award increased by 19 percent from $1,196 in 1979-80 to $1,424 in 1981-82. This trend in the increase in institutional aid is disturbing because colleges and universities have limited dollars available to help replace federal support, especially since the major cuts in federal student aid will not occur until the fall of 1982.

Despite level federal funding, work-study continues to increase, again due to major increases in funding from institutions. NDSL appropriations were cut by $100 million in 1981, and the decline of students receiving NDSL awards reflects this decrease.

Guaranteed Student Loans (GSL) are clearly shown to be the major program, other than institutional aid, that is used to assist funding an education at an independent college and university. In 1979-80, approximately 24 percent of undergraduate recipients had an average GSL of $1,787. Barely two years later 53 percent needed an average GSL of $2,264. The population doubled and the average award increased by 27 percent. This trend is disturbing not only because it represents major increases in the debt burden on students, but because it appears that students attending independent colleges and universities are becoming even more dependent on GSL funding.

The changing distribution of funds has led to major changes in the packaging of aid and is clearly shifting the major burden for financing higher education to students. Table 6 details the average award by family income and the changes that have occurred in this two-year period. What this table shows is a substantial reduction in the availability of Pell Grant support, combined with an increasing reliance on GSL among recipients from lower income families, where use of GSL has nearly tripled during this two-year period.

TABLE 6

UNDERGRADUATE DEPENDENT AID RECIPIENTS BY PARENTAL ADJUSTED GROSS INCOME AND SOURCE OF AID, 1979-80 AND 1981-82

PARENTAL ADJUSTED GROSS INCOME / SOURCE OF AID	Under $6,000 Mean $ amount per Recipient (% Recipients Receiving this Aid)		$6,000-$12,000 Mean $ amount per Recipient (% Recipients Receiving this Aid)		$12,000-$18,000 Mean $ amount per Recipient (% Recipients Receiving this Aid)		$18,000-$24,000 Mean $ amount per Recipient (% Recipients Receiving this Aid	
	1979-80	1981-82	1979-80	1981-82	1979-80	1981-82	1979-80	1981-82
Pell Grants (BEOG)	$ 1,601 (91.7%)	$ 1,442 (81.7%)	$ 1,417 (88.9%)	$ 1,226 (86.4%)	$ 1,072 (78.4%)	$ 998 (75.3%)	$ 800 (68.0)%	$ 771 (61.5%)
SEOG	$ 645 (46.9%)	$ 756 (24.0%)	$ 647 (43.6%)	$ 762 (35.9%)	$ 724 (39.8%)	$ 725 (39.3%)	$ 734 (30.0%)	$ 756 (34.6%)
State Need-Based Grants	$ 1,444 (49.3%)	$ 1,400 (58.7%)	$ 1,413 (57.3%)	$ 1,323 (60.6%)	$ 1,395 (56.0%)	$ 1,274 (56.6%)	$ 1,344 (50.7%)	$ 1,124 (59.1%)
Institutional Grants	$ 989 (28.7%)	$ 1,380 (28.7%)	$ 1,142 (34.2%)	$ 1,467 (44.5%)	$ 1,305 (45.5%)	$ 1,552 (50.5%)	$ 1,393 (47.7%)	$ 1,447 (60.9%)
College Work-Study*	$ 823 (46.6%)	$ 976 (50.9%)	$ 795 (48.5%)	$ 881 (53.6%)	$ 835 (53.0%)	$ 928 (66.3%)	$ 818 (48.6%)	$ 887 (65.4%)
NDSL	$ 811 (34.7%)	$ 922 (33.6%)	$ 824 (46.2%)	$ 978 (38.8%)	$ 839 (46.0%)	$ 1,000 (39.8%)	$ 834 (43.0%)	$ 967 (34.9%)
FISL/GSL	$ 1,398 (14.6%)	$ 2,115 (34.6%)	$ 1,404 (16.7%)	$ 2,175 (42.4%)	$ 1,433 (21.3%)	$ 2,117 (50.1%)	$ 1,571 (23.6%)	$ 2,202 (49.6%)

UNDERGRADUATE DEPENDENT AID RECIPIENTS BY PARENTAL ADJUSTED GROSS INCOME AND SOURCE OF AID, 1979-80 AND 1981-82

PARENTAL ADJUSTED GROSS INCOME / SOURCE OF AID	$24,000-$30,000 Mean $ amount per Recipient (% Recipients Receiving this Aid)		$30,000-36,000 Mean $ amount per Recipient (% Recipients Receiving this Aid)		$36,000 OR MORE Mean $ amount per Recipient (% Recipients Receiving this Aid)		PARENTAL ADJUSTED GROSS INCOME UNKNOWN	
	1979-80	1981-82	1979-80	1981-82	1979-80	1981-82	1979-80	1981-82
Pell Grants (BEOG)	$ 662 (46.0%)	$ 553 (47.0%)	$ 569 (29.2%)	$ 509 (24.9%)	$ 540 (16.3%)	$ 444 (14.0%)	$ 1,262 (11.7%)	$ 424 (7.3%)
SEOG	$ 769 (19.2%)	$ 729 (20.9%)	$ 853 (12.2%)	$ 883 (21.6%)	$ 829 (4.9%)	$ 583 (13.8%)	$ 630 (1.1%)	$ 86 (5.4%)
State Need-Based Grants	$ 1,367 (39.4%)	$ 1,222 (51.4%)	$ 1,454 (30.8%)	$ 1,062 (39.9%)	$ 1,139 (14.1%)	$ 989 (22.0%)	$ 1,281 (10.0%)	$ 226 (15.9%)
Institutional Grants	$ 1,331 (54.4%)	$ 1,426 (58.5%)	$ 1,394 (56.7%)	$ 1,309 (56.6%)	$ 1,296 (53.0%)	$ 1,400 (58.0%)	$ 947 (3.3%)	$ 594 (7.4%)
College Work-Study*	$ 809 (45.2%)	$ 887 (58.5%)	$ 825 (48.9%)	$ 994 (58.5%)	$ 938 (41.3%)	$ 870 (51.5%)	$ 729 (14.8%)	$ 227 (27.3%)
NDSL	$ 842 (44.5%)	$ 888 (36.0%)	$ 786 (36.9%)	$ 898 (32.9%)	$ 830 (38.8%)	$ 804 (26.1%)	$ 834 (0.8%)	$ 155 (6.0%)
FISL/GSL	$ 1,701 (28.7%)	$ 2,322 (54.9%)	$ 1,790 (31.2%)	$ 2,285 (61.0%)	$ 1,555 (39.7%)	$ 2,400 (71.5%)	$ 2,030 (37.9%)	$ 2,530 (67.4%)

TABLE 7

ALL DEPENDENT UNDERGRADUATE AID RECIPIENTS: 1979-80 and 1981-82

	1979-80		1981-82	
STUDENT EXPENSES	AVERAGE DOLLAR AMOUNTS	PERCENT OF TOTAL EXPENSES	AVERAGE DOLLAR AMOUNTS	PERCENT OF TOTAL EXPENSES
A. TUITION AND FEES	$3,417	(58.9%)	$4,174	(58.0%)
B. ROOM AND BOARD	1,553	(26.8%)	$1,938	(26.9%)
C. ALL OTHER BUDGETED EXPENSES	830	(14.3%)	$1,099	(15.2%)
TOTAL STUDENT EXPENSES	5,800	(100.0%)	$7,211	100.0%
GRANTS/PARENTAL CONTRIBUTIONS				
1. EXPECTED PARENTAL CONTRIBUTIONS	$1,463	(25.2%)	$1,540	(21.4%)
2. NEED-BASED GRANTS:				
PELL GRANTS (BEOG)	$ 668	(11.5%)	$ 494	(6.9%)
SUPPLEMENTAL GRANTS (SEOG)	208	(3.6%)	207	(2.9%)
STATE GRANTS (INCLUDING SSIG)	610	(10.5%)	574	(8.0%)
INSTITUTIONAL GRANTS	564	(9.7%)	777	(10.8%)
TOTAL NEED-BASED GRANTS	$2,050	35.3%	$2,053	28.5%
3. SUB-TOTAL (1+2)	3,513	(60.6%)	$3,592	49.9%
SELF-HELP				
4. STUDENT EMPLOYMENT:				
COLLEGE WORK-STUDY (CW-S)	$ 318	(5.5%)	$ 402	(5.6%)
STATE/INSTITUTIONAL WORK PROGRAMS	61	(1.0%)	$ 123	(1.7%)
TOTAL STUDENT EMPLOYMENT	$ 379	(6.5%)	$ 525	(7.3%)
5. STUDENT LOANS				
NAT'L DIRECT STUDENT LOANS (NDSL)	$ 334	(5.8%)	$ 316	(4.4%)
GUARANTEED STUDENT LOANS (FISL/GSL)	354	(6.1%)	$1,207	(16.8%)
INSTITUTIONAL LOANS	15	(0.2%)	20	(0.2%)
TOTAL STUDENT LOANS	$ 703	(21.1%)	$1,543	21.4%
6. EXPECTED STUDENT CONTRIBUTIONS	$ 720	12.4%	$ 912	12.7%
7. SUB-TOTAL (4+5+6)	$1,802	(31.1%)	$2,980	(41.4%)
OTHER AID				
8. AID FROM ALL OTHER SOURCES*	$1,381	(6.6%)	$ 604	(8.4%)
TOTAL STUDENT RESOURCES	$5,698	(98.9%)	$7,177	99.7%
BALANCE (TOTAL RESOURCES - TOTAL EXPENSES)	($104)	(1.8%)	$ (34)	(0.4%)

* Other aid includes grants, loans and work from other federal, state, institutional and private sources.

Table 7 compares the average budget for all aid recipients from 1979-80 to 1981-82. The changing distribution in the packaging of aid can be seen over the two-year period, with federal grant support showing significant reductions, while student self-help shows dramatic increases.

Tables 8 and 9 which follow summarize the major trends in the financing of independent higher education for dependent undergraduates from 1979-80, the first year of the implementation of the Middle Income Student Assistance Act, to 1981-82.

Expected parental contributions for students from families with adjusted gross incomes below $36,000 continued to decline both in absolute dollars and as a proportion of total student expenses. There is probably a combination of reasons for this decline: a decade of inflation which has caused families to save less and to accumulate fewer liquid assets, and most families with incomes above $24,000 have two or more children in college.

Need-based grants declined as a proportion of total student budgets for most income groups, particularly in families with incomes below $24,000. There was some increase in need-based aid for students from families from incomes between $24,000 and $30,000 which came primarily from institutional aid.

The major change in packaging that has occurred during the past two years is the tremendous increase in reliance on self-help, primarily because of growth in participation in the Guaranteed Student Loan program. In 1979-80, self-help averaged 31.1 percent of total student budgets, and in 1981-82, it averaged 41.4 percent of total student budgets. This trend was evident across all income groups. But the increase in absolute dollar amounts per income group is even more dramatic. For recipients from all income levels, self-help increased an average of over $1000 per student. For students from families with incomes below $18,000, and from families with incomes above $30,000 the total dollar amount of self-help increased by over 50 percent. Students from families with incomes between $18,000 and $30,000 had increases between 45 and 50 percent.

In conclusion, these trends in student aid packaging clearly show an increased reliance on self-help. When the 1980 Amendments to the Higher Education Act were passed, it was stated as a national goal that students should be responsible for 25 percent of the cost of their education through a combination of savings, work and loans. When that act was passed, on an average, students attending independent colleges and universities were paying 31.1 percent of the cost of education through self-help. In 1982, it has increased to 41.4 percent. This is an indication that we are not reaching our national goals, and as the burden of paying for an education gets heavier for some very bright and talented students they may decide to forego the kind of higher education to which they have aspired, or higher education altogether. If that should happen, it would be a tragedy for the whole nation.

TABLE 8

AVERAGE DOLLAR AMOUNTS AND PERCENT OF

TOTAL STUDENT EXPENSES BY PARENTAL INCOME

AND BY SOURCE OF FUNDS FOR ALL DEPENDENT UNDERGRADUATE

AID RECIPIENTS 1979-80

Parental Adjusted Gross Income	Average Parental Contribution $	%	Average Need-Based Grants $	%	Average Self-Help $	%	Other Aid $	%	Average Student Budget $	%	Average Total Expenses - Total Resources $	%
$0-6,000	$ 164	3.0%	$2,768	50.6%	$1,495	27.3%	$483	8.8%	$5,467	100.0%	$557	10.2%
$6-12,000	352	6.2	2,756	48.5	1,722	30.3	463	8.1	5,688	100.0	395	6.9
$12-18,000	883	14.7	2,503	41.7	1,948	32.4	464	7.7	6,007	100.0	210	3.5
$18-24,000	1,467	24.7	2,109	35.6	1,916	32.3	391	6.6	5,941	100.0	57	1.0
$24-30,000	2,441	37.6	1,714	26.4	2,067	31.8	427	6.6	6,499	100.0	-150	-2.3
$30-36,000	3,078	45.8	1,513	22.5	2,041	30.4	442	6.6	6,723	100.0	-350	-5.2
$36-000+	4,296	60.7	996	14.1	2,153	30.4	450	6.4	7,079	100.0	-817	-11.5
Average All Incomes	$1,463	25.2%	$2,049	35.4%	$1,803	31.1%	$381	6.6%	$5,796	100.0%	$ 62	1.1%

TABLE 9

AVERAGE DOLLAR AMOUNTS AND PERCENT OF

TOTAL STUDENT EXPENSES BY PARENTAL INCOME

AND BY SOURCE OF FUNDS FOR ALL DEPENDENT UNDERGRADUATE

AID RECIPIENTS 1981-82

Parental Adjusted Gross Income	Average Parental Contribution $	%	Average Need-Based Grants $	%	Average Self-Help $	%	Other Aid $	%	Average Student Budget $	%	Average Total Expenses - Total Resources $	%
$0-6,000	$ 144	2.2%	$2,762	41.2%	$2,458	36.7%	$741	11.1%	$6,701	100.0%	$596	8.9%
$6-12,000	357	5.3	2,655	39.3	2,808	41.6	607	9.0	6,753	100.0	326	4.8
$12-18,000	414	5.8	2,540	35.7	2,968	41.7	741	10.4	7,119	100.0	457	6.4
$18-24,000	893	12.6	2,283	32.1	2,875	40.5	561	7.9	7,104	100.0	492	6.9
$24-30,000	1,448	20.1	1,963	27.1	3,025	41.9	522	7.2	7,214	100.0	256	3.5
$30-36,000	2,083	28.8	1,481	20.5	3,164	43.8	520	7.2	7,228	100.0	-20	-0.3
$36-000+	4,307	54.4	1,172	14.8	3,334	42.1	611	7.7	7,200	100.0	-1,153	-19.1
Average All Incomes	$1,540	21.4%	$2,053	28.5%	$2,980	41.4%	$604	8.4%	$7,211	100.0%	$ 23	0.3%

PACKAGING OF NEED-BASED STUDENT AID

NIICU's analyses of student financial aid generally include data on all undergraduate recipients of aid -- whether that aid comes from federal, state, institutional or private sources and regardless of whether need was a requirement for receiving aid. This method provides an accurate analysis of all aid recipients and allows the policymaker to assess shifts between need-based and non-need-based aid and the effects of changing criteria for establishing need. This consideration is expecially important for 1981-82 when Guaranteed Student Loans were not distributed on the basis of need.

After reviewing the financial aid portrait of all undergraduate recipients, further information can be obtained by highlighting trends or changes within groups. Data on the packaging of student aid are presented for only those students who receive some form of need-based aid in order that NIICU data on students attending independent colleges and universities can be compared with information presented to the National Commission by representatives of public institutions. Therefore, for the purpose of examining the packaging of student aid, only those dependent undergraduates who receive some form of need-based aid are included. Packaging patterns are analyzed with an emphasis on distributions by cost of attendance and by family income.

In 1981-82, 84.7 percent of all dependent undergraduate recipients and 89.0 percent of all independent undergraduate recipients received some form of need-based student aid. The following analysis is based on data gathered on the 741,000 dependent undergraduate students attending independent colleges and universities who receive need-based aid.

Table 10 shows the distribution of these recipients among institutions by the total cost of attendance. It shows that 85 percent of all recipients receive some form of need-based aid. Among the recipients of need-based aid, over half (51.8%) attend colleges costing $7,000 or more.

TABLE 10

DEPENDENT UNDERGRADUATE RECIPIENTS
BY COST OF ATTENDANCE

COST OF ATTENDANCE	RECIPIENTS OF NEED-BASED AID		ALL RECIPIENTS		
	Number	Percent	Number	Percent	% Of Recipients Receiving Need-Based Aid
Under $6,000	148,000	20.0%	183,000	20.9%	80.9%
$6,000-$7,000	210,000	28.3	243,000	27.8	86.4
$7,000-$8,000	156,000	21.0	173,000	19.8	90.2
$8,000-$9,000	111,000	15.0	132,000	15.1	84.1
OVER $9,000	116,000	15.7	143,000	16.4	81.1
TOTALS	741,000	100.0%	874,000	100.0%	84.8%

Of the dependent undergraduate recipients attending independent colleges with total annual cost under $6,000, 80.9 percent receive need-based aid; in institutions with costs between $6,000 and $7,000, 86.4 percent of recipients receive need-based aid; in those costing between $7,000 and $8,000, the number increases to 90.2 percent; in colleges and universities costing $8,000 to $9,000, 84.1 percent of dependent undergraduates receive need-based aid; and, in institutions costing over $9,000, the proportion of need-based recipients is 81.1 percent.

Table 11 shows how parental contributions, grants, employment and loans are combined to provide funds for students to attend independent institutions. The data are presented by the total cost of attendance so that differences are accentuated.

Parental contributions increase as the cost of attendance increases, and the percent of the total student budget covered by parental contribution varies from 14.7 percent for colleges costing less than $6,000; to 17.8 percent for those costing $6,000 to $7,000; to 13.3 percent for those costing $7,000 to $8,000; to 19.2 percent for $8,000-$9,000; to 20.7 for institutions costing $9,000 or more. Institutional grants increase sharply and directly as costs increase, from 4.2 percent of the total budget for the lowest cost institutions to 21.6 percent for institutions costing at least $9,000.

Both income from employment and total loan volume increase for students attending higher cost institutions. For example, students attending institutions costing over $8,000 borrow almost $1,000 more per year than students attending institutions costing less than $6,000.

For all students receiving need-based aid, regardless of the college's cost of attendance, expenses exceed resources. This is especially acute for students whose total costs are between $7,000 and $9,000, where unmet need is between $600 and $800.

TABLE 11

DEPENDENT UNDERGRADUATES RECIPIENTS OF NEED-BASED AID

BY COST OF ATTENDANCE

1981-82

	UNDER $6,000	$6,000-$7,000	$7,000-$8,000	$8,000 $9,000	OVER $9,000
STUDENT EXPENSES					
A. TUTION AND FEES	$2,624	$3,693	$4,194	$5,001	$ 6,216
B. ROOM AND BOARD	$1,245	$1,559	$2,186	$2,461	$ 2,614
C. ALL OTHER BUDGETED EXPENSES	$1,020	$1,151	$1,097	$ 936	$ 1,270
TOTAL STUDENT EXPENSES (A+B+C)	$4,889	$6,404	$7,476	$8,398	$10,100
GRANTS/PARENTAL CONTRIBUTIONS					
1. EXPECTED PARENTAL CONTRIBUTIONS	$ 718	$1,137	$ 994	$1,609	$ 2,093
2. NEED-BASED GRANTS					
PELL GRANTS (BEOG)	$ 617	$ 529	$ 519	$ 342	$ 414
SUPPLEMENTAL GRANTS (SEOG)	$ 104	$ 182	$ 257	$ 212	$ 315
STATE GRANTS (INCLUDING SSIG)	$ 523	$ 643	$ 729	$ 374	$ 530
INSTITUTIONAL GRANTS	$ 207	$ 408	$ 580	$1,088	$ 2,180
TOTAL NEED-BASED GRANTS	$1,451	$1,761	$2,085	$2,015	$ 3,439
3. SUB-TOTAL (1+2)	$2,169	$2,898	$3,079	$3,624	$ 5,532
SELF-HELP					
4. STUDENT EMPLOYMENT					
COLLEGE WORK-STUDY (CW-S)	$ 309	$ 346	$ 353	$ 484	$ 613
STATE/INSTITUTIONAL WORK PROGRAMS	78	$ 112	$ 211	52	31
TOTAL STUDENT EMPLOYMENT	$ 387	$ 457	$ 564	$ 536	$ 744
5. STUDENT LOANS					
NAT'L DIRECT STUDENT LOANS (NDSL)	$ 216	$ 284	$ 309	$ 382	$ 457
GUARANTEED STUDENT LOANS (FISL/GSL)	$ 699	$1,137	$1,281	$1,565	$1,415
INSTITUTIONAL LOANS	$ 28	4	17	22	41
TOTAL STUDENT LOANS	$ 944	$1,425	$1,607	$1,968	$1,912
6. EXPECTED STUDENT CONTRIBUTIONS	$ 743	$ 899	$ 770	$1,908	$1,883
7. SUB-TOTAL (4+5+6)	$2,073	$2,771	$2,942	$3,412	$3,540
OTHER AID					
8. AID FROM ALL OTHER SOURCES	$ 412	$ 651	$ 661	$ 733	$ 715
TOTAL STUDENT RESOURCES (3+7+8)	$4,654	$6,321	$6,682	$7,769	$9,787
BALANCE (TOTAL RESOURCES-TOTAL EXPENSES)	$ -235	$ -83	$ -794	$ -628	$ -313

With Table 12 the focus is shifted to analysis of aid packaging by family income category. Again, only students receiving need-based aid are examined. As has been the case since NIICU's first study of student aid packaging in 1978, there is a small group of students from families with incomes less than $6,000 who do not appear to capture the best available financial aid.

TABLE 12

DEPENDENT UNDERGRADUATE RECIPIENTS
BY FAMILY INCOME

FAMILY INCOME	RECIPIENTS OF NEED-BASED AID		ALL RECIPIENTS		% Of Recipients Receiving Need-Based Aid
	Number	Percent	Number	Percent	
Under $6,000	74,000	10.0%	78,000	8.9%	94.9%
$6,000-$12,000	83,000	11.2	84,000	9.6	98.8
$12,000-$18,000	94,000	12.7	95,000	10.9	98.9
$18,000-$24,000	121,000	16.3	122,000	14.0	99.2
$24,000-$30,000	129,000	17.4	136,000	15.6	94.9
$30,000-$36,000	90,000	12.1	98,000	11.2	91.8
OVER $36,000	104,000	14.0	128,000	14.6	81.3
Income Unknown	47,000	6.3	135,000	15.4	34.8
TOTAL	741,000	100.0%	875,000	100.0%	84.7%

Totals may not add due to rounding.

Table 13 presents the packaging of various resources used by dependent undergraduate students (recipients of need-based aid) to finance education at independent colleges and universities. The students are grouped by the adjusted gross income of the families. Students from families with higher income tend to enroll at colleges with higher tuitions and higher total expenses. Students from lower income families have lower expected parental contributions, significantly higher Pell Grants awards, generally higher SEOG and lower institutional grants.

Undergraduate recipients of need-based aid average total loan amounts of $1,525, total self-help of $2,885, and an average of $380 unmet need. Among work programs, there is no clear pattern of correlation between contribution from employment and family income. Among loan programs, the amount of NDSL loans increase among income groups through the $12,000-$18,000 group and then decline as incomes increase. GSL dollar amounts and proportion of total expenses generally increase as parental incomes increase and average almost $1,200 for all undergraduate recipients of need-based aid.

TABLE 13

DEPENDENT UNDERGRADUATES RECIPIENTS OF NEED-BASED AID

BY FAMILY INCOME

1981-82

	UNDER $6,000	$ 6,000-$12,000	$12,000-$18,000	$18,000-$24,000	$24,000-$30,000	$30,000-$36,000	$36,000 OR MORE
STUDENT EXPENSES							
A. TUTION AND FEES	$3,831	$ 3,856	$4,111	$4,132	$4,228	$ 4,228	$4,676
B. ROOM AND BOARD	$1,742	$ 1,770	$1,866	$1,915	$1,931	$ 1,921	$2,212
C. ALL OTHER BUDGETED EXPENSES	$1,157	$ 1,177	$1,164	$1,052	$1,070	$ 1,131	$1,017
TOTAL STUDENT EXPENSES (A+B+C)	$6,729	$ 6,803	$7,141	$7,099	$7,230	$ 7,280	$7,905
GRANTS/PARENTAL CONTRIBUTIONS							
1. EXPECTED PARENTAL CONTRIBUTIONS	$ 125	$ 341	$ 419	$ 893	$1,312	$ 1,992	$3,740
2. NEED-BASED GRANTS							
PELL GRANTS (BEOG)	$1,242	$ 1,070	$ 759	$ 481	$ 273	$ 138	$ 76
SUPPLEMENTAL GRANTS (SEOG)	$ 191	$ 276	$ 288	$ 265	$ 221	$ 206	$ 98
STATE GRANTS (INCLUDING SSIG)	$ 866	$ 675	$ 728	$ 673	$ 661	$ 461	$ 267
INSTITUTIONAL GRANTS	$ 615	$ 659	$ 791	$ 893	$ 904	$ 806	$ 995
TOTAL NEED-BASED GRANTS	$2,914	$ 2,680	$2,566	$2,312	$2,060	$ 1,611	$1,437
3. SUB-TOTAL (1+2)	$3,039	$ 3,022	$2,984	$3,205	$3,371	$ 3,603	$5,177
SELF-HELP							
4. STUDENT EMPLOYMENT							
COLLEGE WORK-STUDY (CW-S)	$ 400	$ 385	$ 487	$ 429	$ 422	$ 459	$ 411
STATE/INSTITUTIONAL WORK PROGRAMS	$ 124	87	$ 134	$ 159	$ 116	$ 121	120
TOTAL STUDENT EMPLOYMENT	$ 524	$ 473	$ 622	$ 587	$ 538	$ 580	$ 531
5. STUDENT LOANS							
NAT'L DIRECT STUDENT LOANS (NDSL)	$ 327	$ 383	$ 401	$ 342	$ 335	$ 321	$ 257
GUARANTEED STUDENT LOANS (FISL/GSL)	$ 688	$ 906	$1,071	$1,061	$1,272	$1,342	$1,708
INSTITUTIONAL LOANS	20	18	24	22	20	23	21
TOTAL STUDENT LOANS	$1,036	$1,307	$1,496	$1,424	$1,627	$1,686	$1,986
6. EXPECTED STUDENT CONTRIBUTIONS	$ 785	$1,019	$ 877	$ 857	$869	$ 877	960
7. SUB-TOTAL (4+5+6)	$2,344	$2,799	$2,995	$2,868	$3,033	$3,143	$3,477
OTHER AID							
8. AID FROM ALL OTHER SOURCES	$ 768	$ 608	$ 688	531	$ 471	$ 486	$ 521
TOTAL STUDENT RESOURCES (3+7+8)	$6,151	$6,428	$6,668	$6,604	$6,875	$7,232	$9,175
BALANCE (TOTAL RESOURCES-TOTAL EXPENSES)	$ -578	$ -375	$ -475	$ -495	$ -354	$ -48	$1,270

Totals may not add due to rounding.